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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

BORDERS GROUP, INC., et al.,¹

Debtors.

Chapter 11

Case No. 11-10614 (MG)

(Jointly Administered)

NOTICE OF CANCELLATION OF AUCTION FOR FIRST ROUND LEASES

PLEASE TAKE NOTICE pursuant to the *Lease Sale Bidding Procedures* (the “Bidding Procedures”)² approved in the Court’s *Order Under Bankruptcy Code Sections 105, 363 and 365 (I) Approving Bidding and Auction Procedures, for Sale of Unexpired Nonresidential Real Property Leases, (II) Setting Sale Hearing Date* [Docket No. 1519], the Debtors received two Qualified Bids for the lease for Store 208 located in Snellville, GA (“Store 208 Lease”) and received only one Qualified Bid for each of seven other First Round Leases³; and

PLEASE TAKE FURTHER NOTICE that in accordance with the Bidding Procedures, the Debtors have cancelled the First Auction and have scheduled a telephonic auction solely for the Store 208 Lease.⁴

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Borders Group, Inc. (4588); Borders International Services, Inc. (5075); Borders, Inc. (4285); Borders Direct, LLC (0084); Borders Properties, Inc. (7978); Borders Online, Inc. (8425); Borders Online, LLC (8996); and BGP (UK) Limited.

² All terms not otherwise defined herein shall have the meanings assigned to them in the Bidding Procedures.

³ The foregoing does not include any First Round Leases otherwise addressed by a separate approval motion filed with the Court.

⁴ The Debtors have provided dial-in details to the Committee and the two parties submitting Qualified Bids for such lease.

Dated: August 30, 2011
New York, New York

KASOWITZ, BENSON, TORRES
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By: /s/ Andrew K. Glenn
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